

VZCZCXRO2368
RR RUEHBZ RUEH DU RUEHJO RUEHMR RUEHRN
DE RUEHSA #0600 0861455
ZNR UUUUU ZZH
R 271455Z MAR 09
FM AMEMBASSY PRETORIA
TO RUEHC/SECSTATE WASHDC 7864
INFO RUCNSAD/SOUTHERN AF DEVELOPMENT COMMUNITY COLLECTIVE
RUEHBJ/AMEMBASSY BEIJING 0963
RUEHBY/AMEMBASSY CANBERRA 0828
RUEHLO/AMEMBASSY LONDON 1725
RUEHMO/AMEMBASSY MOSCOW 0977
RUEHNE/AMEMBASSY NEW DELHI 0561
RUEHOT/AMEMBASSY OTTAWA 0786
RUEHFR/AMEMBASSY PARIS 1560
RUCPDC/DEPT OF COMMERCE WASHDC
RHEBAAA/DEPT OF ENERGY WASHINGTON DC

UNCLAS PRETORIA 000600

SENSITIVE
SIPDIS

STATE PLEASE PASS USAID
STATE PLEASE PASS USGS
DEPT FOR AF/S, EEB/ESC AND CBA
DOE FOR SPERL, PERSON, SCOTT, AND BIENAWSKI
DOC FOR ITA/DIEMOND

E.O. 12958: N/A
TAGS: [ENRG](#) [EFIN](#) [EPET](#) [EMIN](#) [EINV](#) [SENV](#) [KGHG](#) [SF](#)
SUBJECT: SOUTH AFRICA'S GREEN INVESTMENTS IN STIMULUS
PACKAGE

REF: STATE 25022

SBU Not for internet distribution.

11. (sbu) SUMMARY: This cable responds to reftel request for information on South African green investments in economic stimulus packages in preparation for the G-20 meeting. South Africa relies on coal for over 90 percent of its power generation. It aspires to commit to carbon emission reductions, but postponement of state power utility Eskom's tender for new nuclear build has committed the country to greater use of mega coal-fired power plants in the medium-term. Coal-to-liquids petrochemical company Sasol is the world's greatest point source of carbon emissions. Progress is slow on renewable energy and energy efficiency measures. End Summary.

12. (sbu) The South African Department of Minerals and Energy recently organized a Renewable Energy Summit (Septel) to assess progress at five years in implementation of a South African government 2004 "white paper" on renewable energy. South Africa has made little progress, even against a minimal target established, but the government is aiming to create incentives for investment in renewable energy, including special feed-in tariffs. South Africa is promoting energy efficiency and demand-side management measures, such as solar water heaters and more efficient lighting, to conserve power in light of supply shortages experienced since the January 2008 power crisis. Again, progress is slow. South Africa has rehabilitated some older non-green power stations to increase power supply and the global slow-down and a related closure of domestic smelters has reduced demand. The result has been an increase in the reserve margin from four to eight percent since January 2008.

13. (sbu) The South African National Economic, Development, and Labor Council (NEDLAC) put forth a "Framework for South Africa's Response to the International Economic Crisis" on February 19, 2009. A short "green" section states: "The parties recognize the opportunities in industries that combat the negative effects of climate change and believe that South Africa should develop strong capacity in these green technologies and industries. Accordingly, it is agreed to develop incentives for investment in a program to create

large numbers of 'green jobs', namely employment in industries and facilities that are designed to mitigate the effects of climate change. Government will be asked to develop a proposal for consideration by the parties. This proposal will, where appropriate, build on current initiatives of greening existing manufacturing and service activities."

14. (sbu) Finance Minister Trevor Manuel proposed incentives for investments in energy-efficient equipment during his February 11, 2009 budget speech. Manuel said these incentives could include supplementary depreciation allowances. Manuel encouraged South African companies to take advantage of the Kyoto Protocols Clean Development Mechanism (CDM), and said the National Treasury would introduce a favorable tax treatment for income from the sale of emission reductions through the CDM. The Minister also noted that the tax on plastic shopping bags would be increased from three to four Rand cents.

LA LIME